

**Supplemental Reporting Document
Table of Contents
August 2006 Investment Committee Meeting
(May 2006 Reporting Period)**

Activity Reports

- Alternative Investment Management (AIM) Program
- Risk Managed Absolute Return Strategies Program
- Real Estate Opportunistic Program

Quarterly Reports (No items to report)

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August 14, 2006

SUPPLEMENTAL ITEM

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. SUBJECT:** Activity Reports
- II. PROGRAMS:** Alternative Investment Management (AIM)
Risk Managed Absolute Return Strategies (RMARS)
Real Estate Opportunistic (REO)
- III. RECOMMENDATION:** Information only
- IV. ANALYSIS:**

Staff from AIM, RMARS, and REO are required to report the status of investment proposals received by their respective program on a monthly basis. Staff from these areas have prepared activity reports for the month of May 2006.

V. STRATEGIC PLAN:

Goal VIII: Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits and second, to minimize and stabilize contributions.

Members of the Investment Committee
August 14, 2006
Page 2

VI. RESULTS:

Attached are results containing the status of investment proposals received by AIM, RMARS, and REO.

Matthew Flynn
Division Chief

Anne Stausboll
Assistant Executive Officer

Russell Read
Chief Investment Officer



***** OPEN SESSION MATERIAL *****
AIM PROGRAM
SUMMARY MONTHLY REPORT: PROPOSALS IN PROCESS
REPORT PERIOD: 5/1/2006 TO 5/31/2006

ACTIVITY SUMMARIZED	ACTIVITY FOR REPORT PERIOD	2003	2004	2005	2006 YTD	Since Program Inception
<u>INVESTMENT ACTIVITY</u>						
Investment Proposals Entered	18	298	381	316	92	5873
Declined/Referred/Failed to Materialize	36	206	223	429	62	4655
Deals in Screening	67	298	397	318	92	2887
Due Diligence Reviews	27	25	65	59	24	553

Notes:

- Current YTD information is through the end of the report period.
- Deals in Screening and Due Diligence reviews for the activity report period represent deals remaining in Screening and Due Diligence at the end of the report period. For all other time periods, deals in Screening and Due Diligence represent deals which entered Screening or Due Diligence during that time period.

May 2006

MANAGER ACTIVITY	2001	2002	2003	2004	2005	2006	Since Program Inception
Information Received	88	170	181	59	59	29	586
Declined	34	81	108	12	7	1	243
Screening	48	80	72	45	58	25	328
Full Due Dilligence Review	0	15	1	5	22	22	65
Approved by ARS Board	0	13	1	5	22	22	63
MANAGER AMOUNTS (\$ in millions)							
Funded	\$0	\$485	\$95	\$149	\$783	\$702	\$2,213

Real Estate Investment Office
Opportunistic/International Fund Program
August 2006 Report
(May Activity)

Fund Name	Date Closed	Product Type	Sector		Allocation Committed	Net Expected Return
Secured Capital Asia Fund	May-06	All Property Types	International		\$100,000,000	17-20%
RLJ Urban Lodging II	May-06	Lodging	Opportunistic		\$100,000,000	14.0%
			Total		\$200,000,000	